

Message Text

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ACTION IO-13

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CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00 TRSE-00

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FM AMEMBASSY COLOMBO

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USMISSION OECD PARIS

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C O N F I D E N T I A L COLOMBO 2897

E.O. 11652: GDS

TAGS: PFOR, EGEN

SUBJECT: MULTILATERAL AFFAIRS: ECONOMIC ISSUES AT THE NAC

1. SUMMARY: AS NAC GETS SLOWLY UNDERWAY, DELEGATIONS FROM MODERATELY REPRESENTATIVE SAMPLING OF MEMBERSHIP (PERU, GUYANA AND MALAYSIA) HAVE HO-HUM ATTITUDE TOWARD NAC WORK ON ECONOMIC ISSUES. RADICALS ON ECON FRONT--CUBA AND IRAQ IN PARTICULAR--HAVE ALREADY BEGUN TO SEEK TEXTS MORE CONDEMNATORY OF US ET AL, BUT SO FAR RELAXED ATMOSPHERE SEEMS TO BE WORKING AGAINST THEM END SUMMARY.

2. EMBOFF HAS HELD EXTENSIVE DISCUSSION WITH ECON OFFICERS OF PERUVIAN, GUYANESE AND MALAYSIAN DELEGATIONS REVIEWING WORK OF CONFERENCE AND PROSPECTS FOR ECONOMIC ISSUES IN PARTICULAR. THEY ARE ALL OF VIEW THAT, IN THE WAKE OF MANILA GROUP OF 77 MEETING AND UNCTAD IV, MEMBERS OF NON-ALIGNED HAD NOTHING FURTHER TO SAY ON INTERNATIONAL ECONOMIC AFFAIRS AND THAT NAC WILL MERELY REAFFIRM OLD POSITIONS AND MAKE SMALL PROGRESS ALONG PATH ALREADY SKETCHED OUT OF COOPERATION AMONG DEVELOPING COUNTRIES. (OUR EUROPEAN
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COLLEAGUES HAVE BEEN GETTING SAME IMPRESSION.)

3. MALAYSIAN (KHOSA) FELT THAT DEVELOPING COUNTRIES HAD INVESTED SO MUCH EFFORT IN PREPARATIONS FOR UNCTAD IV THAT THEY WERE UNABLE TO GO FURTHER AT THIS TIME. GUYANESE (BENN) REPEATED POINT WE HAVE HEARD MANY TIMES BEFORE THAT ECONOMIC IS FES ZJRE NOT CONTROVERSIAL AMONG DEVELOPING COUNTRIES TO NORTH/SOUTH DIALOGUE CONTINUED UNABATED, ALTHOUGH CONCERN WAS GROWING OVER PROSPECTS FOR CONCRETE RESULTS. THEY ALSO VOICED SAME OPINION THAT UNCTAD IV WAS A SUCCESS FOR THOSE WHO DID NOT EXPECT TOO MUCH FROM IT. BENN, HOWEVER, THOUGHT THAT POST-UNCTAD IV BITTERNESS MIGHT WELL BE SUFFICIENT TO AFFECT NAC DEVELOPMENTS.

4. QUESTIONED ON STATUS OF OPEC/NON-OPEC ALLIANCE, THESE DELS FELT THAT COMMITMENT TO NAM UNITY WAS SO GREAT AS TO PRECLUDE ANY EXPRESSION OF FRICTION AT NAC. THEY SAID THAT NON-ALIGNED SOLIDARITY FUND WAS NOT DEAD; KHOSA THOUGHT CHANGING CIRCUMSTANCES OVER TIME MIGHT OVER OPEC TO SUPPORT IT. PERUVIAN (WAGNER) SAID NON-ALIGNED FUND FOR BUFFER STOCKING WAS MERELY BEING DISCUSSED AS A FALL-BACK IN CASE UNCTAD INTEGRATED PROGRAM FAILED.

5. WAGNER PREDICTED THAT COUNCIL OF PRODUCERS ASSOCIATION WOULD ONCE AGAIN BE ENDORSED AND WAS CERTAIN THAT IT WOULD COME INTO BEING BEFORE THE END OF THE YEAR. BOTH HE AND KHOSA (LATTER OBVIOUSLY MUCH INTERESTED) ASSERTED THAT COUNCIL COULD ONLY FUNCTION AS PURELY CONSULTATIVE BODY WHICH WOULD ALLOW ASSOCIATIONS TO EXCHANGE VIEWS ON MARKETING PROBLEMS. KHOSA NOTED THAT ANY REAL EFFORT WOULD REQUIRE CONSUMER INVOLVEMENT.

6. DELS POINTED OUT THAT "COOPERATION AMONG DEVELOPING COUNTRIES" (NOW CALLED HORIZONTAL RELATIONSHIPS) WAS BRAINCHILD OF THE NAM, AND ONE GOAL OF CONFERENCE WAS TO MOVE THIS IDEA ALONG TO PRACTICAL IMPLEMENTATION. EGYOFF ASKED WHETHER THIS WAS SEEN IN NAM CIRCLES AS ALTERNATIVE TO ECONOMIC TIES TO DEVELOPED WORLD. ALL INSISTED THIS WAS NOT THE CASE BUT RATHER SIMPLE ECONOMICS OF PERFECTING SUPPLY AND DEMAND FACTORS IN MARKETS FOR TECHNO-
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LOGY AND GOODS THROUGH EXPANDED COMMUNICATION AMONG THIRD WORLD COUNTRIES. WAGNER CALLED ATTENTION TO RELATIONSHIP OF THIS PROGRAM WITH ISSUE OF NAM SECRETARIST. HE WAS SURE THAT CONFERENCE WOULD CONTINUE PRACTICE OF APPOINTING COORDINATORS FOR SPECIFIC AREAS OF COOPERATION. SECRETARIAT FUNCTION OF STUDYING ISSUES AND PREPARING ACTION PROPOSALS WOULD BE FULFILLED BY PROPOSAL FOR LINKING NATIONAL INFORMATION AND RESEARCH INSTITUTIONS

IN DEVELOPING COUNTRIES.

7. ONLY CONTROVERSY FORESEEN AT THIS STAGE IS EXPECTED
RADICAL ONSLAUGHT TO LABEL US AND EX-COLONIAL POWERS
AS THE VILLIAN FOR ILLS OF THE DEVELOPING WORLD, WHICH
SRI LANKADRAFTS OMITTED. CUBANS AND IRAQIS
ALONG WITH FEW OTHERS HAVE ALREADY SUBMITTED EXTENSIVE REWRITE OF
DRAFTS TO THIS EFFECT. DISCUSSION SCHEDULED TO BEGIN
AUGUST 12 WITH FIRST MEETING OF ECONOMIC COMMITTEE.

8. COMMENT: DESPITE AVOWED PURPOSES OF SOME NAM
MEMBERS, ESPECIALLY ASIANS, IT APPEARS NAC WILL NOT BE
EXPENDING MUCH ENERGY IN ECONOMIC AREA--LEAVING ALL
THE MORE LIKELY THAT POLITICAL ISSUES WILL BE HARD
FOUGHT.
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